

## THE UTILITY OF COMPETITION.

The newspaper clamor against aggregations of capital in large concerns for manufacturing purposes, while it is destined to fail in preventing such aggregations, or even in fixing limits to them, will, nevertheless, not be entirely barren of good results in drawing attention to the whole subject of the utility of competition in business affairs, and the evil of attempting to suppress it. Out of the mass of editorial denunciations, however, which the present discussion has been numbered, some truth will be elicited, and, as the agitation for free silver coinage has disseminated among our people much information which they would otherwise never have obtained, so this war upon the so-called "trusts" will make them familiar with facts which they have never before had occasion to become instructed. The error that the cost to the consumer of any manufactured article, by agreement, be permanently increased above that which results from the working of the law of supply and demand was clearly exposed by more than one of the witnesses examined by the committee on the testimony of the committee, and their testimony was not only opportunity and most conclusively corroborated by the reduction in the price of steel rails which took place at the very time they were giving it. Temporarily, indeed, prices can be kept up by restricting production, but in the end this barrier has to give way, and in the case of steel rails and down to their normal level. That high prices check consumption and low prices stimulate it has come to be an admitted axiom, and where the profit upon any article is made too tempting, no agreement of the producers already in the field can prevent the invasion of it by rivals. The success of the great industrial trusts has been due to the fact that the public has been obtained by a policy of the reverse of oppression. Profits have been kept down below the point at which they would be extortionate, not indeed, from moral or charitable motives, but either from reduced consumption or from the dread of provoking competition. Where they exceed the latter, they are not only maintained but become unbearable. The stronger members shake off the weaker, and rely upon their own advantages of position and their superior facilities for doing business to carry them through the emergency. They expect by an increased output and by the more general employment of their capital and their men to make up for decreased prices.

The combinations of capital, therefore, which are assailed as suppressing competition really only shift its field of action. From being an irregular guerrilla warfare between a multitude of unaligned individuals, it becomes a balancing of the powers of organized trusts, or such combinations and humbly have gained by the consolidation of tribes and small peoples into great nations we see in the history of Europe. Wars there are far less frequent and less destructive now than they were before the absorption by great States of the lesser ones. The great powers respect one another, and are slow either to give offense to the others or to take it from them. They feel their responsibility as they feel their strength, and maintain peace until war becomes inevitable. Great industrial combinations likewise depend for their success upon avoiding the provocation of rivals. In the view of some sentimentalists this limitation of the destructive power of competition is deplored, for the very reason that it diminishes the number of those who are permitted to participate in it. Thus, the great industrial so-called "trusts" are declared to be detrimental to society because they lead to the retiring from business of small producers and dealers. President Cleveland, in his message of last December, on the subject of trusts, called for legislation to enforce it. He declared that the tendency of "trusts" is to "crush out individual independence and to hinder or prevent the free use of human faculties and the full development of human character. Through them the farmer, the artisan, the small manufacturer is in danger of dislodgment from the proud position of being his own master, watchful of all that touches his property, in which he has an individual lot, and interested in all that affects the advantages of business of which he is a factor, to be relegated to the level of a mere appendage to a great machine, with little free will, with no duty but that of passive obedience, and with little hope or opportunity of rising in the scale of responsible and helpful citizenship." If this fustian had proceeded from Mr. Bryan it would be set down as oratory fit to be addressed to a meeting of Kansas Populists, and that Mr. Cleveland's language proves at once his ignorance of economical history and his recklessness in misstating facts.

How an industrial "trust" threatens to dislodge the farmer or the artisan from his present independent position it is impossible to imagine. There are some large farms in this country, but they are very few, and consolidations of capital for agricultural purposes are as yet unknown. The individual artisan suffers, not from the competition of large producers, but from that of machinery, which, more than a century ago, began to make manufacturing on a small scale hopelessly unprofitable, and he is compensated by larger wages and shorter hours of employment. As for the small trader, he has, indeed, to meet the rivalry of the great dealers who keep a better assortment of goods than he does, and can afford to sell them cheaper. No legislation which would not be a tyrannical interference with the freedom of the citizen would avail to protect him, and, in fact, it would be at the expense of the millions of consumers who profit by the present state of things. If President Cleveland had lived a century ago he would have opposed the introduction of the spinning jenny and the power loom, because they destroyed the independence of the little hand spinners and weavers, and would have insisted on nails being made upon the anvil by women and children, rather than permit the use of nail-making machines, and, to be consistent, he ought now to advocate the abandonment of the modern perfecting printing press and the return to the hand printing of Franklin's time.

The utility of competition in business affairs lies not in its maintaining great numbers of competitors, but in stimulating improvement in the processes of manufacture and distribution which both improve the quality and cheapen the cost of the goods produced. If "trusts" stifled this competition they would justly deserve condemnation, but so long as they are exposed to it, not from small rivals, whose products they could afford to disregard, but from foes of their own weight and strength, the community sets the same benefit from it that it did before they came into existence. If a process of refining sugar were to be invented reducing the cost of a cent a pound, and a trust holding Company would refuse to adopt it only at the peril of seeing rival refineries do it and get away its customers. New machinery for making cigarettes or cordage must be employed by the manufacturers of those articles to prevent their being outdone by competing concerns. And so, in all branches of industry, every improvement will find ready purchasers from the moment the slightest economies are important because of the magnitude of the output which they affect.

Quite a different result would follow the making of any great industry a Government monopoly, as is done with railway transportation in some of Europe and as it is proposed to do with the manufacture of munitions of war in this country. France long ago abandoned the practice of running railways by the Government, and in Belgium, where it is still maintained, loud complaints are made of the inefficiency of the service rendered to the public. In the United States, the Government-owned railroads are managed by military officials, and are not run by men, with what are alleged to be highly satisfactory results. An examination of the figures thus, however, to confirm this rosy view of the matter. Certainly the experience of Philadelphia in municipal gas making shows it to be better run by private enterprise, and, in fact, the gas is more useful than it would be if furnished by a private corporation.

Undoubtedly, there are services which can better be rendered to the community by the Government than by individuals or private corporations. The furnishing of water is one of them, and the city of London is now suffering not only from a scanty supply of the fluid, but from its great costliness, because years ago it permitted the business to fall into private hands. Water, it may be observed, is not a manufactured article. The apparatus for storing and distributing it is simple, and not susceptible of improvement. From the nature of the case, too, competition, when once the source of supply has been appropriated, becomes impossible. The Post Office, again, is an institution which, while it is not so easily constructed by the Government, would find of being generally useful as it is were it put into private hands. Sections of the country which now get their mail service at a loss to the country as a whole, would have it very greatly curtailed if it were regulated with a view to profit alone. Like the building of forts and battle ships, and the maintenance of the army and the navy, it is a matter of national interest, and does not rank with industrial enterprises carried on for gain. That eventually the telegraph and the telephone will be managed by the Government, as they are in Great Britain, is highly probable. It depends upon the popular demand, however, whether they will be to the extent with which the demand is met by their present owners. What is lost now by localities where the business does not justify the expenditure which would make the telegraph and the telephone as universal as mail service, is saved to other localities where the patronage is more remunerative, and by the efforts of competing companies to increase it.

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MATTHEW MARSHALL.

## FINANCIAL AND COMMERCIAL.

New York Stock Exchange—Sales and Range of Prices of Stocks and Bonds, in the Week Ending Feb. 27, 1897.

UNITED STATES AND STATE BONDS (IN \$100,000).

Sales.	Name.	Open.	High.	Low.	Close.
67000	U. S. 4s, 1897, 112	112	112	112	112
81000	U. S. 4s, 1898, 122 1/2	122 1/2	122 1/2	122 1/2	122 1/2
45000	U. S. 4s, 1899, 122 1/2	122 1/2	122 1/2	122 1/2	122 1/2
10000	U. S. 4s, 1900, 113 1/2	113 1/2	113 1/2	113 1/2	113 1/2
90000	U. S. 4s, 1901, 113 1/2	113 1/2	113 1/2	113 1/2	113 1/2
10000	U. S. 4s, 1902, 108 1/2	108 1/2	108 1/2	108 1/2	108 1/2
10000	U. S. 4s, 1903, 98 1/2	98 1/2	98 1/2	98 1/2	98 1/2
9000	U. S. 4s, 1904, 98 1/2	98 1/2	98 1/2	98 1/2	98 1/2
10000	U. S. 4s, 1905, 98 1/2	98 1/2	98 1/2	98 1/2	98 1/2
10000	U. S. 4s, 1906, 98 1/2	98 1/2	98 1/2	98 1/2	98 1/2

RAILROAD AND OTHER BONDS (IN \$100,000).

Sales.	Name.	Open.	High.	Low.	Close.
310	Atchafalpa adj. 47	47 1/2	47 1/2	47 1/2	47 1/2
310	Atchafalpa adj. 47	47 1/2	47 1/2	47 1/2	47 1/2
9	Atchafalpa adj. 47	47 1/2	47 1/2	47 1/2	47 1/2
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9	Atchafalpa adj. 47	47 1/2	47 1/2	47 1/2	47 1/2
9	Atchafalpa adj. 47	47 1/2	47 1/2	47 1/2	47 1/2
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9	Atchafalpa adj. 47	47 1/2	47 1/2	47 1/2	47 1/2
9	Atchafalpa adj. 47	47 1/2	47 1/2	47 1/2	47 1/2
9	Atchafalpa adj. 47	47 1/2	47 1/2	47 1/2	47 1/2
9	Atchafalpa adj. 47	47 1/2	47 1/2	47 1/2	47 1/2

## THE SUN, MONDAY, MARCH 1, 1897.

Sales.	Name.	Open.	High.	Low.	Close.
2 N.Y. Ch. R.R. 4s. 105		105	105	105	105
11 N.Y. Ch. R.R. 4s. 105		105	105	105	105
7 N.Y. Ch. R.R. 4s. 105		105	105	105	105
7 N.Y. Ch. R.R. 4s. 105		105	105	105	105
1 N.W. Ch. R.R. 4s. 105		105	105	105	105
1 N.W. Ch. R.R. 4s. 105		105	105	105	105
1 N.W. Ch. R.R. 4s. 105		105	105	105	105
1 N.W. Ch. R.R. 4s. 105		105	105	105	105
1 N.W. Ch. R.R. 4s. 105		105	105	105	105
1 N.W. Ch. R.R. 4s. 105		105	105	105	105

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11 N.Y. Ch. R.R. 4s. 105		105	105	105	105
7 N.Y. Ch. R.R. 4s. 105		105	105	105	105
7 N.Y. Ch. R.R. 4s. 105		105	105	105	105
1 N.W. Ch. R.R. 4s. 105		105	105	105	105
1 N.W. Ch. R.R. 4s. 105		105	105	105	105
1 N.W. Ch. R.R. 4s. 105		105	105	105	105
1 N.W. Ch. R.R. 4s. 105		105	105	105	105
1 N.W. Ch. R.R. 4s. 105		105	105	105	105
1 N.W. Ch. R.R. 4s. 105		105	105	105	105

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11 N.Y. Ch. R.R. 4s. 105		105	105	105	105
7 N.Y. Ch. R.R. 4s. 105		105	105	105	105
7 N.Y. Ch. R.R. 4s. 105		105	105	105	105
1 N.W. Ch. R.R. 4s. 105		105	105	105	105
1 N.W. Ch. R.R. 4s. 105		105	105	105	105
1 N.W. Ch. R.R. 4s. 105		105	105	105	105
1 N.W. Ch. R.R. 4s. 105		105	105	105	105
1 N.W. Ch. R.R. 4s. 105		105	105	105	105
1 N.W. Ch. R.R. 4s. 105		105	105	105	105

THE SUN, MONDAY, MARCH 1, 1897.

5 St L & N.W. Int.....	68	68	68	68
2 Standard R.R. 4s.....	72	73	71 1/2	72 1/2
1 N.Y. Ch. R.R. 4s.....	104 1/2	104 1/2	104 1/2	104 1/2
11 N.Y. Ch. R.R. 4s.....	105	105	105	105
7 N.Y. Ch. R.R. 4s.....	105	105	105	105
7 N.Y. Ch. R.R. 4s.....	105	105	105	105
1 N.W. Ch. R.R. 4s.....	105	105	105	105
12 Tex. & Pac. Int. 3ds.....	88 1/2	88 1/2	88 1/2	88 1/2
7 Tex. & Pac. Int. 3ds.....	21 1/2	21 1/2	21 1/2	21 1/2
6 Tied R. & N. Int.....	122	122 1/2	122	122 1/2
7 Tied R. & N. Int.....	122	122 1/2	122	122 1/2
3 T. & A. R. R. 4s.....	84	84 1/2	84 1/2	85
7 T. & A. R. R. 4s.....	83	85	83 1/2	85
17 S. & L. C. Int. 3ds.....	70	70	70	70
1 Union Pac. 9ds.....	104 1/2	104 1/2	104 1/2	104 1/2
11 Union Pac. 9ds.....	103 1/2	103 1/2	103 1/2	103 1/2
4 Union Pac. 9ds.....	103 1/2	103 1/2	104 1/2	104 1/2
1 Union Pac. 9ds.....	105	105	105	105
20 Union Pac. 9ds.....	104 1/2	104 1/2	104 1/2	104 1/2
34 Union Pac. 9ds.....	105 1/2	105 1/2	105	105 1/2